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THE MARKET IN Japan FOR U.S. LIVESTOCK AND MEAT PRODUCTS

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THE MARKET IN JAPAN FOR U.S. LIVESTOCK AND MEAT PRODUCTS

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Japan provides U.S. livestock producers with an overseas market for about $35 million worth of products a year. A major outlet for U.S. tallow, hides, and skins, Japan also provides a growing market for U.S. lard and sausage casings. All these commodities are in abundant supply in the United States and every pound exported is a credit added to the U.S. livestock producer's income. Recently, Japan announced that it will reduce trade limitations which have cut into U.S. exports in the past.

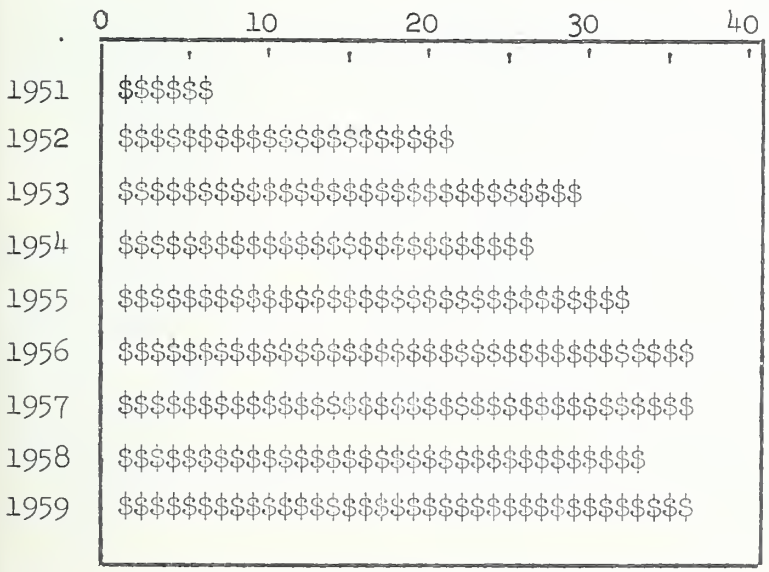
What is the size of this market? What factors affect U.S. exports, and how may they be met? What is U.S. competition? How can we further develop this lucrative market? These are some of the questions which the Foreign Agricultural Service, in cooperation with Japanese and U.S. trade organizations, is seeking to answer.

Production

In spite of recent rapid progress, Japan's livestock industry remains a small part of its agriculture. Cattle, buffaloes, and horses--except in some specialized beef-producing areas--have been valued chiefly as a source of labor. Meat and meat products from these animals have been--and to a great extent still are--considered byproducts. Hogs and chickens have been raised to a limited extent for meat. However, it is the sea which has long been Japan's primary source of animal protein.

UNITED STATES EXPORTS
OF LIVESTOCK, MEAT, AND MEAT PRODUCTS
TO JAPAN

(Each symbol = $1 million)



There is little opportunity for domestic production of meat and livestock products to expand enough to significantly increase per capita consumption. Land suitable for farming in Japan is scarce. Only 17 percent of the total land area is in farmland and pastures at present, and there is little likelihood of expansion. Inroads from

TABLE 1.--Livestock: Numbers on farms February 1, averages 1931-55 and annual 1951-59, with percentage change from previous year

Period	Cattle		Hogs		Sheep		Goats		Horses	
	Number	Change	Number	Change	Number	Change	Number	Change	Number	Change
Average:	1,000 head	Percent	1,000 head	Percent	1,000 head	Percent	1,000 head	Percent	1,000 head	Percent
1931-35	1,512	---	778	---	25	---	90	---	1,409	---
1936-40	1,797	---	958	---	76	---	147	---	1,218	---
1941-45	2,258	---	415	---	165	---	228	---	1,136	---
1946-50	2,165	---	298	---	283	---	344	---	1,068	---
1951-55	2,782	---	781	---	647	---	504	---	1,042	---
Annual:										
1951...	2,460	---	452	-6	449	25	466	13	1,062	-1
1952...	2,670	9	799	77	578	29	501	8	1,112	5
1953...	2,826	6	994	24	693	20	492	-2	1,090	-2
1954...	2,896	2	833	-16	733	6	531	8	1,020	-6
1955...	3,058	6	825	-1	784	7	533	---	927	-9
1956...	3,216	5	1,170	42	893	14	631	18	888	-4
1957...	3,177	-1	1,546	32	945	6	669	6	818	-8
1958...	3,127	-2	1,649	7	915	-3	622	-7	762	-7
1959...	3,210	3	1,800	9	940	3	(2/)	(2/)	725	-5

1/ Prior to 1942, estimation for December 1 of preceding year.
2/ Not available.

Ministry of Agriculture and Forestry.

the mushrooming Japanese cities, roads, and other nonagricultural uses, are just about offset by land reclamation. Available farm land is needed for production of cereals for human consumption, thus further restricting opportunities for increasing livestock numbers more rapidly, or even for retaining their present rate of expansion. Although productivity per animal can be further increased, diminished returns on investments will put an effective upper limit on progress. For the foreseeable future, imports must supply the expected increase in Japanese demand for meat and livestock products.

Recognizing the importance of meat and other animal products in the diet, the Japanese Government has initiated several projects for improving both the quality and quantity of Japanese livestock. In areas deemed unsuitable for crop production but suitable for dairy farming, it has established about 80 "Intensive Dairy Industry Zones" in which it encourages livestock expansion by several measures. The primary government project for aid to farmers in these zones has been the "Livestock Holding Farm Establishment Program." This project aims to introduce dairy cattle and other kinds of livestock by subsidizing interest payments on loans with which the livestock are bought. Up to March 31, 1959, 116,560 Holstein cattle, 5,605 Jersey cows, 148,022 horses, and 69,120 sheep had been placed on farms through this program. In addition, the "Agricultural Land Development Machinery Public Corporation," a quasi-governmental organization, has imported Jersey cows with a loan from the World Bank. The Jersey cows have been distributed in zones deemed unsuitable for Holsteins. In the northern or mountainous areas of Japan, the government has instituted another plan to encourage farmers to increase their livestock numbers. Under this plan, the government lends the

farmer a heifer, either dairy or beef type, for raising. He receives ownership of this animal when he gives the government a newly born heifer. This plan called for the introduction of 6,000 beef and 9,000 dairy cattle during the period April 1, 1956, through March 31, 1960. Japanese agricultural cooperative associations have been encouraged by the government to lend young hogs, beef cattle, and sheep to farmers to raise and sell. After the cost of the animal is paid to the association, all profits go to the farmer. The government subsidizes 20 percent of the initial cost of the animals to the association.

The results of these projects can be seen in the steady increase in livestock numbers since World War II. In 1959, cattle numbers were 79 percent above the 1936-40 average, hog numbers 88 percent, sheep numbers 1,137 percent, and goat numbers 322 percent. Only horse numbers have shown a decline--down 40 percent--because of the steady mechanization of Japanese farmers.

A steady rise in productivity has accompanied the increase in numbers. About 86 pounds of beef and veal were produced per head of cattle population during the 1936-40 period, compared with 90 pounds during 1958. Although the proportion of dairy-type animals which produce less beef in the total cattle population has been rising rapidly in recent years, beef production per animal has been maintained and even increased. Production of pork products for the same period has been increased from 140 to 215 pounds per hog on farms at the beginning of the year.

The growth in meat production has placed stress on the traditional Japanese system of meat distribution. In late 1957, the "Japanese Meat Importing Deliberative Association" was formed to attempt to coordinate the

TABLE 2.--Livestock: Slaughter by class, averages 1936-40 and 1951-55, annual 1955-58

Class	Average 1936-40	Average 1951-55	1955	1956	1957	1958
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
Cattle	359	1/480	602	681	571	607
Calves	37	1/99	209	192	145	166
Swine	1,342	1,477	1,659	2,150	2,673	3,127
Sheep	3	80	117	259	288	277
Goats	11	140	269	397	429	376
Horses	61	115	124	146	107	105

1/ 1951-55 cattle and calf slaughter adjusted for under-estimation.

Ministry of Agriculture and Forestry, and Ministry of Welfare.

TABLE 3.--Meat: Production by class, averages 1936-40 and 1951-55, annual 1955-58

Class	Average		1955	1956	1957	1958
	1936-40	1951-55				
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Beef and veal....	154.1	1/217.2	305.5	306.7	263.3	282.2
Pork.....	134.0	165.2	181.4	237.6	302.1	354.9
Mutton and lamb..	0.1	3.4	6.1	8.9	10.0	9.7
Goat meat.....	0.3	3.6	3.9	5.1	6.1	5.3
Horse meat.....	19.5	44.1	46.0	53.5	41.9	41.5
Total.....	308.0	433.5	542.9	611.8	623.4	693.6

1/ 1951-55 beef and veal production adjusted for under-estimation.

Ministry of Agriculture and Forestry, and Ministry of Welfare.

activities of butchers, distributors, and importers with the supply and demand situation. During 1958, wholesale meat markets with refrigerators were constructed in seven major Japanese cities with government subsidies. About 272 million yen ($755,600) accrued through sales of U.S. surplus products for local currencies under the provisions of Public Law 480, were allocated for these subsidies. In addition, the Japanese Government supplied about 40 million yen ($111,100) from government funds.

Production of animal byproducts--tallow, hides and skins, variety meats, and lard--has also increased in line with the rise in livestock numbers. Statistics on production of these commodities are incomplete, but it is estimated that Japan supplies about 10 percent of its total consumption of approximately 280 million pounds of tallow per year. Japanese production of hides and skins is estimated at about 30 percent of consumption. For both these commodities, the bulk of the difference is made up by imports from the United States.

Japanese-produced hides and skins are generally lighter than their American counterpart. Individual treatment of livestock on small Japanese farms contributes largely to the good condition of the hides. About 2 million pigskins are produced in Japan per year. Most of these skins are used at home, but some wet-salted pigskins are exported to the United Kingdom and the United States.

Domestic hides and skins come onto the market in a wet-salted condition. The dealer cures them in his hide cellars. Although two saltings are standard, many hides receive a third salting. Domestic hides generally command a higher price than the imported ones.

Consumption

Progress in production and distribution of meat and livestock products has been offset by continued rapid population growth. Thus, although meat production increased 125 percent from the 1936-40 average to 1958, per capita consumption has remained very low. Only 7.7 pounds of meat were consumed by the average Japanese during 1958.

Almost 88 percent of Japan's tallow supply goes into soap manufacturing. About 4 percent is used by margarine manufacturers, 3 percent by lubricant and grease manufacturers, and 4 percent by other industrial users. Only 1 percent is used for direct human consumption. No tallow is used in animal feeds in Japan at present.

Soap consumption has risen rapidly in recent years. In 1958, about 730 million pounds of soap were produced, 3 percent above 1957, and 57 percent above the prewar (1936-40) average. However, Japanese soap and detergent consumption remains very low--8 pounds per person in 1958--compared with 26 pounds for the United States.

Imports

Japanese imports of livestock products have grown rapidly from the postwar low and are now considerably above prewar levels. Ninety percent of Japan's tallow requirements, and 70 percent of its hides and skins were supplied by imports in 1958. Imports of other livestock products--red meat, variety meats, sausage casings, etc.--are increasing rapidly, but still supply only a small part of needs (see Table 11).

During 1958, Japan imported 253 million pounds of tallow--40 percent above the 1951-55 average, and the United States supplied 83 percent of this total.

TABLE 4.--Livestock: Numbers on farms, by island
February 1, 1958

Island	Cattle	Hogs	Sheep	Goats	Horses
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
Honshu	2,136	1,204	592	478	360
Shikoku	619	311	58	86	146
Kyushu	227	53	26	42	9
Hokkaido	145	81	239	16	247
Total	3,127	1,649	915	622	762

Ministry of Agriculture and Forestry.

TABLE 5.--Meat: Per capita consumption, averages 1936-40 and 1951-55, annual 1955-58

Class	Average 1936-40	Average 1951-55	1955	1956	1957	1958
Domestic meat:	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds
Beef and veal	2.2	2.5	3.4	3.4	2.9	3.1
Pork	1.9	1.9	2.0	2.6	3.3	3.8
Mutton, lamb, and goat	(1/)	.1	.2	.2	.2	.2
Horse meat	.3	.5	.5	.6	.5	.5
Total domestic meat	4.4	5.0	6.1	6.8	6.9	7.6
Imported meat 2/	(1/)	(1/)	(1/)	.1	.5	.1
Total imported and domestic meat	4.4	5.0	6.1	6.9	7.4	7.7

1/ Less than 0.05 pounds. 2/ Carcass weight equivalent of net imports.

Imports of hides and skins remained about level from 1956 to 1958, rose sharply during the first half of 1959 and are expected to reach 200 million pounds for the year as a whole. The United States supplied about 58 percent of the hides and 61 percent of the skins imported during 1958. Prior to World War II, Japan imported approximately 45 million pounds of hides and skins per year--almost all buffalo and cattle hides. Imports of skins amounted to less than 2 percent of the total.

The demand for lighter pieces has increased since the war, and skins made up 15 percent of total imports during 1958. Although the United States was an important supplier before the war with about 25 percent of total imports, China, with 40 percent of the market, was the major source of hides. Other Asian and Oceanic countries supplied the remainder. Japan's trade contacts with China have been largely severed, and imports of Chinese hides have dropped to less than 1 percent of the total.

Japan has recently moved into the world meat trade as an importer. When beef production dropped during 1957, about 50 million pounds were imported from Australia and New Zealand to help fill the gap. Imported meat supplied 7 percent of Japanese consumption that year, although it was still less than 1 pound per person. In 1958 and 1959, Japanese production recovered and world prices increased. Beef imports dropped.

The recorded rapid rise in pork production has not been able to keep pace with increased demand. Pork prices rose sharply in 1959, and Japanese importers began to seek suppliers overseas. Although growing Japanese pork

imports might offer the United States a market in the long run, the immediate demands of Japanese importers have been met by purchases from Canadian surplus stocks and from Taiwan.

The trend in increased imports is expected to continue, with high meat imports during times of relative shortage and lower imports when production recovers. However, a steady cyclical trend toward higher imports is also expected. In time, imports will supply a large part of Japan's pork needs.

U.S. exporters of livestock products to Japan have had to overcome two major problems. One was the problem of exchange allocations. Since 1954, Japan has imported tallow and hides and skins under two systems, the Automatic Approval (A.A.) and Foreign Exchange Allocations (F.A.). Under the A.A. system, imports are licensed without a value limit for any commodity on the A.A. list. The only limit is the total A.A. allocation. In contrast, the F.A. system restricts the amount of imports by quantity, as well as by source of imports. Imports under the A.A. system have an added advantage in that licenses are granted automatically.

Livestock products from the United States and Canada have been imported under the F.A. system. Of the 253 million pounds of tallow, and the 166 million pounds of hides and skins imported during 1958, 87 percent of the tallow and 70 percent of the hides and skins came in under the F.A. system.

Japanese soap manufacturers were able to persuade the government to expand total tallow import allocations for the period April 1, 1959, through March 31, 1960, to 300 million pounds. Of this, 260 million was under the F.A. system and 40 million under the A.A. system. This plan could change if demand is larger than expected, since it represented the Japanese-Government's estimate of needs for the current fiscal year. For example, Japan programed imports of 108 million pounds at the beginning of the 1958 fiscal year, but as consumption exceeded estimates, actual imports rose to over 272 million pounds. In addition, although import allocations are announced on a weight basis, they are actually issued on the estimated value. If prices fall below expectations, more products may be imported within the exchange allocations. In view of present low U.S. tallow prices, it appears that the Japanese Government intends to allocate most of its F.A. purchases to the United States.

Japan has announced that it plans to place tallow and lard imports from the dollar area under the A.A. system soon after April 1, 1960. Hide and skin imports are to be placed under A.A. before August 31, 1960. This should greatly facilitate U.S. exports to Japan.

The other major problem was quality control. U.S. exports of tallow and hides and skins had not been meeting the expectations of Japanese importers. Teams composed of U.S.D.A. men and U.S. and Japanese industry representatives have been working together in Japan to solve the problems and reconcile differences.

In addition, a team of Japanese hide industry representatives came to this country in 1959 under the auspices of the Foreign Agricultural Service in cooperation with the National Hide Association, the Western States Meat Packers Association, the American National Cattlemen's Association, and the National Association of Importers and Exporters of Hides and Skins to study

TABLE 6.--Meat and meat products: Imports, value, average 1951-55, annual 1955-58, January-September 1958 and 1959

Commodity	Average 1951-55	1955	1956	1957	1958	January-September 1958	January-September 1959
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Beef and veal:							
Fresh or frozen	250	717	968	10,752	2,189	1,904	952
Canned	65	29	46	25	15	12	18
Total beef and veal	315	746	1,014	10,777	2,204	1,916	970
Pork:							
Fresh or frozen	1	1	3	10	1	1	3
Bacon and ham, uncanned	10	4	9	12	10	8	11
Bacon and ham, canned	22	22	11	7	8	5	18
Total pork	33	27	23	29	19	14	32
Mutton and lamb:							
Fresh or frozen	3	5	7	7	17	14	22
Canned	---	---	1	---	---	---	---
Total mutton and lamb	3	5	8	7	17	14	22
Sausage:							
Uncanned	6	2	2	2	1	1	2
Canned	7	3	5	12	7	4	17
Total sausage	13	5	7	14	8	5	19
Other meat: 1/							
Fresh or frozen	17	42	61	1,158	559	533	745
Canned	20	2	14	19	8	7	33
Total other meat	37	44	75	1,177	567	540	778
Total meat	401	827	1,127	12,004	2,815	2,489	1,821
Animal oils and fats:							
Lard	710	1,042	2,109	2,133	2,234	1,568	2,381
Tallow	15,259	25,305	22,115	27,087	24,564	18,852	21,684
Other animal fats and oils	114	151	149	164	116	98	1,039
Total animal fats and oils	16,083	26,498	24,373	29,384	26,914	20,518	25,104
Skins:							
Calf and kip	5,363	5,577	7,977	7,470	6,668	5,256	5,344
Sheep and lamb	452	307	660	831	357	257	894
Goat and kid	169	196	109	116	273	67	86
Total skins	5,984	6,080	8,746	8,417	7,298	5,580	6,324
Hides:							
Cattle	18,974	14,483	18,744	17,307	16,478	12,041	23,242
Buffalo	925	207	223	174	119	73	310
Horse	524	1,220	1,920	1,416	1,774	1,304	1,810
Mule and ass	26	55	152	42	60	48	83
Total hides	20,449	15,965	21,039	18,939	18,431	13,466	25,445
Total hides and skins	26,433	22,045	29,785	27,356	25,729	19,046	31,769
Sausage casings, natural	---	---	74	143	150	103	227
Total meat and meat products	42,917	49,370	55,359	68,887	55,608	42,156	58,921
Livestock:							
Cattle and buffalo	187	49	468	844	486	398	289
Sheep and lambs	(2/)	(2/)	---	(2/)	17	17	---
Hogs	15	3	(2/)	9	21	1	---
Goats and kids	(2/)	---	---	---	3	1	---
Grand total	43,119	49,422	55,827	69,740	56,135	42,573	59,210

1/ Excludes poultry, fish, and whale meat. 2/ Less than $500.

Japan Tariff Association.

TABLE 7 .--Meat and Meat Products: Imports, product weight basis, average 1951-55, annual 1955-58, January-September 1958-59

Commodity	Average 1951-55	1955	1956	1957	1958	January-September 1958	January-September 1959
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Beef and veal:							
Fresh or frozen	1,058	2,970	5,361	50,073	10,869	9,678	3,593
Canned	152	81	131	70	41	33	40
Total beef and veal	1,210	3,051	5,492	50,143	10,910	9,711	3,633
Pork:							
Fresh or frozen	1	2	8	28	4	5	9
Bacon and ham, uncanned	16	4	15	13	13	10	15
Bacon and ham, canned	44	68	33	10	10	5	23
Total pork	61	74	56	51	27	20	47
Mutton and lamb:							
Fresh or frozen	10	18	24	26	59	49	1,478
Canned	---	---	2	---	---	---	---
Total mutton and lamb	10	18	26	26	59	49	1,478
Sausage:							
Uncanned	10	2	4	4	2	2	2
Canned	11	6	10	24	15	8	37
Total sausage	21	8	14	28	17	10	39
Other meat 1/:							
Fresh or frozen	71	174	609	5,976	6,794	6,639	7,231
Canned	46	6	38	39	13	7	34
Total other meat	117	180	647	6,015	6,807	6,646	7,265
Total meat	1,419	3,331	6,235	56,263	17,820	16,436	12,462
Animal oils and fats:							
Lard	3,750	6,903	15,223	14,006	15,329	10,687	19,496
Tallow	180,476	258,780	232,786	272,896	253,079	192,949	236,798
Other animal fats and oils	195	557	493	627	522	406	4,216
Total animal fats and oils	184,421	266,240	248,502	287,529	268,930	204,042	260,510
Skins:							
Calf and kip	13,014	17,637	20,468	19,617	18,175	14,156	10,977
Sheep and lamb	712	780	2,272	1,644	753	547	1,673
Goat and kid	2,024	3,032	1,035	1,479	5,781	1,120	646
Total skins	15,750	21,449	23,775	22,740	24,709	15,823	13,296
Hides:							
Cattle	80,413	103,706	125,159	119,387	125,406	92,642	127,477
Buffalo	3,596	1,622	1,680	1,541	1,280	747	2,998
Horse	5,739	8,442	14,674	10,580	13,914	10,031	10,507
Mule and ass	851	419	850	260	514	403	417
Total hides	90,599	114,189	142,363	131,768	141,114	103,823	141,399
Total hides and skins	106,349	135,638	166,138	154,508	165,823	119,646	154,695
Sausage casings, natural	---	---	42	86	103	69	130
Total meat and meat products	292,189	405,209	420,917	498,386	452,676	340,193	427,797
Livestock (number):							
Cattle and buffalo	1,244	1,651	1,749	2,995	1,873	1,602	2,437
Sheep and lambs	8	35	---	85	53	45	---
Hogs	116	4	50	14	35	2	---
Goats and kids	1	---	---	---	4	1	---

1/ Excludes poultry, fish, and whale meat.
Japan Tariff Association.

U.S. production methods and quality standards. Both the U.S. and the Japanese representatives recommended market development programs for hides and skins in Japan. Per capita leather consumption in Japan is now very low.

In order to stimulate Japanese demand for U.S. livestock products, the Foreign Agricultural Service, in cooperation with the National Renderers' Association and the All Japan Soap Association, began a market development project in Japan in 1958. This project, which is still operating, consists of an extensive advertising and promotional campaign, utilizing films, radio, and direct demonstrations. U.S. industry representatives have visited Japan to guide the planning and implementation of the project. In return, a Japanese team visited the United States to study U.S. procedures for sampling, shipping, and handling of tallow. 1/

Although Japan still remains a relatively small market for lard, sharp increases in demand have resulted in a steady growth of imports. Lard imports rose to 524 percent above the 1951-55 average during 1958. Imports increased again in 1959 to about 82 percent above the 1958 level. Imports from the United States, however, are small. Almost 90 percent of Japan's lard imports now come from the Netherlands. Placement of lard on the A.A. list will result in some shift to direct imports from the United States. The Japanese trade has already made several inquiries for U.S. lard.

1/ For a report on the findings of these teams, see "Keeping Up the Flow of U.S. tallow to Japan," by B.R.Mortimer, Foreign Agriculture, May 1957, p.5; "Three-Man Hide Survey Blasts U.S. Suppliers to Japan's Tanneries," Leather and Shoes, Dec. 13, 1958, p. 9; and "Japanese Hide Team Forecasts Greater Use of U.S. Hides...If," Leather and Shoes, Jan. 23, 1960, p. 7.

TABLE 8.--Tallow: Imports by country of origin, average 1951-55, annual 1955-58

Country of origin	Average 1951-55	1955	1956	1957	1958
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
United States	166,931	216,377	209,909	222,632	210,325
Australia	2,894	7,055	11,285	25,150	18,029
New Zealand	1,541	3,113	6,795	13,186	14,325
Canada	3,241	3,168	4,398	10,598	10,192
Hong Kong	---	---	---	518	207
Netherlands	5,655	28,249	399	---	---
Other countries	214	818	---	812	1
Total	180,476	258,780	232,786	272,896	253,079

Japan Tariff Association.

Rapidly growing processed meat production in Japan has caused a sharp increase in imports of sausage casings. Although India still predominates in this small market, the United States has made some progress.

Competition

U.S. livestock products exported to Japan must face competition, both from synthetic substitutes and from natural products domestically produced or imported.

In the soap industry, U.S. tallow has received competition on all accounts. The composition of soap in Japan has changed considerably in the last quarter century. During 1935-40, 75 percent of the raw materials were fish oils; copra accounted for 20 percent and tallow for only 5 percent. With the rapid decline in the sardine and herring catch during and after the war, the soap industry was forced to shift from fish oils to other raw materials. By 1951-55, tallow made up 53 percent of materials used in soap production, while fish oils had fallen to 10 percent. Vegetable oils--copra, palm oil, and rice bran oil--accounted for the rest. The importance of vegetable oils has continued to grow. By 1957, tallow was supplying only 48 percent of raw materials used in soap, while vegetable oils had increased to 43 percent.

The use of synthetic detergents has risen from nothing before World War II to over 56 million pounds in 1958. Most of this increase has come since 1951. The rapidly increasing Japanese standard of living with its consequent rise in the use of mechanical washing machines, which encourage the use of detergents, will probably cause a continued increase in this competition.

U.S. hide and skin exports to Japan also receive competition from synthetic products. The Japanese shoe-manufacturing industry is very sensitive to price changes in raw materials, and increases in U.S. hide and skin prices cause a shift in favor of synthetic sole and upper material. Of the estimated 400 million pairs of shoes produced annually in Japan, only 20 million are made of leather.

Japanese regulations have placed U.S. livestock products at a competitive disadvantage on the Japanese market with relation to Australian and New Zealand products. Although the United States has been forced to export its products to Japan through the more restrictive F.A. exchange system, imports from Australia and New Zealand come in under the much less restrictive A.A. import program.

Before the end of the 1958 Japanese fiscal year (April 1958-March 1959) dollar allocations for tallow imports were exhausted. Japanese importers were forced to increase their orders for Australian and New Zealand tallow during the last quarter of that year, although the price was higher than the U.S. price.

Australia and New Zealand have increased their exports of tallow to Japan from 4.4 million pounds during 1951-55 to 32.4 million pounds during

TABLE 9.--Hides: Imports by country of origin, average 1951-55, annual 1955-58

Country of origin	Average 1951-55	1955	1956	1957	1958
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
United States	49,740	80,591	94,011	92,394	97,578
Australia	5,725	6,471	10,065	6,265	15,661
Argentina	9,387	8,359	12,870	7,266	10,735
Thailand	3,919	5,734	4,625	4,887	4,352
New Zealand	6,219	3,785	3,583	3,086	3,675
Canada	3,173	6,488	7,048	4,043	2,912
China	509	382	5,533	10,610	2,174
Sweden	320	163	463	18	836
Union of South Africa	1,023	734	670	251	754
Hong Kong	346	59	565	152	368
Italy	368	66	725	769	315
Germany, West	55	194	2	253	163
Pakistan	875	62	531	7	150
Netherlands	3,056	---	4	9	134
United Kingdom	142	130	236	474	126
Indonesia	1,125	90	---	---	---
Other countries	4,617	881	1,432	1,284	1,181
Total	90,599	114,189	142,363	131,768	141,114

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1958, or from 2 to 13 percent of Japanese tallow imports. During the same period, the relative position of U.S. tallow on the Japanese import market dropped from 92 to 83 percent of the total.

U.S. hide and skin exports to Japan also received foreign competition. Australia has made rapid gains in exports of cattle hides to Japan, with the volume rising from 6 percent of total imports during 1951-55 to 11 percent during 1958. Although imports of hides from China are now low, a change in the Japanese trade policy toward China could result in a sharp increase in trade. As such trade would not be based upon commercial considerations, hides from China might offer serious competition to U.S. exports.

In skins, U.S. trade has dropped from 75 percent of Japanese imports during the 1951-55 period to 58 percent in 1958. Although U.S. shipments of skins to Japan recovered somewhat in 1958, they are receiving competition from Australian and Canadian skins, which increased from 5 percent of the total in 1951-55 to 31 percent in 1958. This trend toward higher Japanese imports from Australia and Canada continued during 1959 and is expected to continue in the future.

Production of livestock products in Australia and New Zealand was unusually heavy during 1959. Although some slackening of livestock production in this area is expected during 1960, both countries are expected to maintain their livestock production for the foreseeable future at an appreciably higher level than previously.

Both countries are interested in developing new markets to supplement sales to the United Kingdom--long the predominant factor in their exports of livestock products. Both countries have sent trade missions to Japan, and increased efforts toward market development in that country are expected.

TABLE 10.--Skins: Imports by country of origin
average 1951-55, annual 1955-58

Country of origin	Average 1951-55	1955	1956	1957	1958
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
United States	11,749	19,066	16,676	16,248	14,425
Australia	174	64	452	1,041	6,248
Canada	536	961	1,654	1,387	1,398
Italy	302	168	201	637	928
Pakistan	836	529	1,172	999	704
New Zealand	165	66	582	675	369
Sweden	320	209	1,107	575	326
Switzerland	29	13	247	207	119
China	83	51	464	544	42
Argentina	154	35	161	---	31
Germany, West	---	---	42	196	15
Indonesia	47	4	637	---	---
Netherlands	650	---	7	---	---
Other countries	705	283	373	231	104
Total	15,750	21,449	23,775	22,740	24,709

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TABLE 11.--Livestock, meat and meat products: Imports, product weight basis, by country of origin, annual 1956-58

Commodity imported and country of origin	1956	1957	1958
	1,000 pounds	1,000 pounds	1,000 pounds
Beef and veal:			
Fresh or frozen:			
New Zealand	101	32,033	7,518
Australia	5,214	17,670	3,344
United States	24	2	7
Other countries	22	368	---
Total	5,361	50,073	10,869
Canned:			
Argentina	64	60	37
Australia	(1/)	2	2
United Kingdom	60	2	(1/)
United States	7	2	(1/)
Other countries	(1/)	4	2
Total	131	70	41
Pork:			
Fresh or frozen:			
Australia	4	(1/)	4
New Zealand	---	24	---
United States	---	2	---
Other countries	4	2	---
Total	8	28	4
Bacon and ham, uncanned:			
United States	13	13	9
Denmark	---	(1/)	2
Other countries	2	---	2
Total	15	13	13
Bacon and ham, canned:			
Denmark	(1/)	2	4
United States	4	4	4
United Kingdom	29	---	(1/)
Other countries	---	4	2
Total	33	10	10
Mutton and lamb:			
Fresh or frozen:			
Australia	24	22	44
New Zealand	---	4	15
Total	24	26	59
Sausage:			
Uncanned:			
United States	2	2	2
Other countries	2	2	(1/)
Total	4	4	2
Canned:			
Denmark	2	15	11
United States	4	2	2
Other countries	4	7	2
Total	10	24	15
Other meat 2/:			
Fresh or frozen:			
Ryukyu Islands	183	53	5,403
New Zealand	---	712	379
China	---	(1/)	377
Australia	351	2,079	368
Argentina	---	2,998	254
Other meat 2/: (Cont'd):			
Fresh or frozen:			
United States	75	2	11
Other countries	---	132	2
Total	609	5,976	6,794
Canned:			
Denmark	4	9	9
Ryukyu Islands	2	13	2
United States	4	9	2
Other countries	28	8	---
Total	38	39	13
Sausage casings:			
India	22	35	64
United States	2	2	22
China	18	49	13
Other countries	---	---	4
Total	42	86	103
Animal oils and fats:			
Lard:			
Netherlands	13,060	11,827	13,502
China	1,555	642	879
New Zealand	(1/)	157	328
Hong Kong	(1/)	66	309
Australia	(1/)	112	278
United States	608	1,202	(1/)
Other countries	---	---	33
Total	15,223	14,006	15,329
Tallow:			
United States	209,909	222,632	210,325
Australia	11,285	25,150	18,029
New Zealand	6,795	13,186	14,325
Canada	4,398	10,598	10,192
Hong Kong	---	518	207
Other countries	399	812	1
Total	232,786	272,896	253,079
Other animal fats:			
United States	11	29	128
China	68	---	---
Total	79	29	128
Other animal oils and fats:			
United Kingdom	143	112	170
United States	218	392	165
Australia	33	62	38
Germany, West	9	26	15
Other countries	11	6	6
Total	414	598	394
Skins:			
Calf and kip:			
United States	15,752	14,890	8,675
Australia	452	1,041	6,248
Canada	1,612	1,356	1,391
Italy	179	637	928
New Zealand	540	644	362
Sweden	1,105	575	326
Switzerland	247	207	119
Other countries	581	267	126
Total	20,468	19,617	18,175

TABLE 11.--Livestock, meat and meat products: Imports, product weight basis, by country of origin, annual 1956-58 (Continued)

Commodity imported and country of origin	1956	1957	1958
Skins: (Cont'd.)	1,000 pounds	1,000 pounds	1,000 pounds
Sheep and lamb:			
Pakistan	1,135	999	675
China	386	273	40
Mongolia	---	---	20
New Zealand	42	31	7
Indonesia	617	---	---
Other countries	92	341	11
Total	2,272	1,644	753
Goat and kid:			
United States	924	1,358	5,750
Other countries	111	121	31
Total	1,035	1,479	5,781
Hides:			
Cattle:			
United States	94,011	92,357	97,490
Australia	7,835	4,213	13,618
Thailand	3,256	3,538	3,402
New Zealand	3,124	2,623	3,153
Canada	7,048	4,043	2,912
China	2,687	9,453	1,762
Sweden	452	(1/)	754
Italy	725	769	315
Argentina	3,721	1,071	311
Hong Kong	547	24	234
Other countries	1,753	1,296	1,455
Total	125,159	119,387	125,406
Buffalo:			
Thailand	1,369	1,349	950
Hong Kong	11	128	134
United States	(1/)	11	35
Argentina	29	(1/)	29
China	24	4	22
Pakistan	154	(1/)	---
Other countries	93	49	110
Total	1,680	1,541	1,280

Commodity imported and country of origin	1956	1957	1958
Hides (Cont'd.):	1,000 pounds	1,000 pounds	1,000 pounds
Horse:			
Argentina	9,120	6,195	10,395
Australia	2,179	2,037	2,019
New Zealand	459	463	522
China	2,269	924	315
Union of South Africa	190	181	306
United States	---	26	53
United Kingdom	196	410	(1/)
Germany, West	---	229	(1/)
Other countries	262	115	304
Total	14,674	10,580	13,914
Mule and ass:			
Union of South Africa	284	15	439
China	553	229	75
Other countries	13	16	(1/)
Total	850	260	514
Livestock:	Head	Head	Head
Cattle and buffalo:			
Australia	1,697	2,950	1,856
United States	20	28	11
Ryukyu Islands	7	11	6
New Zealand	25	4	---
Other countries	---	2	---
Total	1,749	2,995	1,873
Sheep and lambs:			
Australia	---	85	53
Hogs:			
United Kingdom	---	5	29
United States	---	9	6
Ryukyu Islands	50	---	---
Total	50	14	35

1/ Less than 500 pounds. 2/ Excludes poultry, fish, and whale meat.

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APPENDIX

	Percent ad valorem
Japanese Import Tariff Rates	
Animal fats:	
Beef tallow	5
Other tallow	10
Lard	5
Lard compounds	10
Stearic acid	15
Oleic acid	15
Other oils and fats	15
Other manufactures of oils and fats	20
Hides and skins	20
Meats:	
Fresh (all)	10
Frozen (all)	15
Canned, bottled or potted (all)	25
Ham, bacon or sausage	25

	Dollars per short ton
Ocean Freight Rates	
U.S. Pacific coast ports to Japanese base ports:	
Tallow:	
Bulk (330 short-ton minimum)	18.20
Drums	20.90
Lard, drums	47.75
Hides:	
Dry	85.00
Green pickled	45.50
Meat:	
Frozen bone-in	119.00
Fresh bone-in	163.25
Frozen pork in cartons	97.50
Frozen, other meats	110.00

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